

108TH CONGRESS  
2D SESSION

# H. R. 5186

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IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2004

Received

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## AN ACT

To reduce certain special allowance payments and provide additional teacher loan forgiveness on Federal student loans.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Taxpayer-Teacher Pro-  
3 tection Act of 2004”.

4 **SEC. 2. REDUCTION OF SPECIAL ALLOWANCE PAYMENTS**  
5 **FOR LOANS FROM THE PROCEEDS OF TAX EX-**  
6 **EMPT ISSUES.**

7 Section 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is  
8 amended—

9 (1) in clause (i), by striking “this division” and  
10 inserting “this clause”;

11 (2) in clause (ii), by striking “division (i) of this  
12 subparagraph” and inserting “clause (i) of this sub-  
13 paragraph”;

14 (3) in clause (iv), by inserting “or refunded  
15 after September 30, 2004, and before January 1,  
16 2006,” after “October 1, 1993,”; and

17 (4) by adding at the end the following new  
18 clause:

19 “(v) Notwithstanding clauses (i) and (ii), the  
20 quarterly rate of the special allowance shall be the  
21 rate determined under subparagraph (A), (E), (F),  
22 (G), (H), or (I) of this paragraph, or paragraph (4),  
23 as the case may be, for a holder of loans that—

24 “(I) were made or purchased with funds—

25 “(aa) obtained from the issuance of  
26 obligations the income from which is ex-

1           cluded from gross income under the Inter-  
2           nal Revenue Code of 1986 and which obli-  
3           gations were originally issued before Octo-  
4           ber 1, 1993; or

5           “(bb) obtained from collections or de-  
6           fault reimbursements on, or interest or  
7           other income pertaining to, eligible loans  
8           made or purchased with funds described in  
9           division (aa), or from income on the invest-  
10          ment of such funds; and

11          “(II) are—

12           “(aa) financed by such an obligation  
13           that, after September 30, 2004, and before  
14           January 1, 2006, has matured or been re-  
15           tired or defeased;

16           “(bb) refinanced after September 30,  
17           2004, and before January 1, 2006, with  
18           funds obtained from a source other than  
19           funds described in subclause (I) of this  
20           clause; or

21           “(cc) sold or transferred to any other  
22           holder after September 30, 2004, and be-  
23           fore January 1, 2006.”.

1 **SEC. 3. LOAN FORGIVENESS FOR TEACHERS.**

2 (a) IMPLEMENTING HIGHLY QUALIFIED TEACHER  
3 REQUIREMENTS.—

4 (1) AMENDMENTS.—

5 (A) FFEL LOANS.—Section 428J(b)(1) of  
6 the Higher Education Act of 1965 (20 U.S.C.  
7 1078–10(b)(1)) is amended—

8 (i) in subparagraph (A), by inserting  
9 “and” after the semicolon; and

10 (ii) by striking subparagraphs (B) and  
11 (C) and inserting the following:

12 “(B) if employed as an elementary school  
13 or secondary school teacher, is highly qualified  
14 as defined in section 9101 of the Elementary  
15 Secondary Education Act of 1965; and”.

16 (B) DIRECT LOANS.—Section 460(b)(1)(A)  
17 of such Act (20 U.S.C. 1087j(b)(1)(A)) is  
18 amended—

19 (i) in clause (i), by inserting “and”  
20 after the semicolon; and

21 (ii) by striking clauses (ii) and (iii)  
22 and inserting the following:

23 “(ii) if employed as an elementary  
24 school or secondary school teacher, is high-  
25 ly qualified as defined in section 9101 of

1 the Elementary and Secondary Education  
2 Act of 1965; and”.

3 (2) TRANSITION RULE.—

4 (A) RULE.—The amendments made by  
5 paragraph (1) of this subsection to sections  
6 428J(b)(1) and 460(b)(1)(A) of the Higher  
7 Education Act of 1965 shall not be applied to  
8 disqualify any individual who, before the date of  
9 enactment of this Act, commenced service that  
10 met and continues to meet the requirements of  
11 such sections as such sections were in effect on  
12 the day before the date of enactment of this  
13 Act.

14 (B) RULE NOT APPLICABLE TO INCREASED  
15 QUALIFIED LOAN AMOUNTS.—Subparagraph  
16 (A) of this paragraph shall not apply for pur-  
17 poses of obtaining increased qualified loan  
18 amounts under sections 428J(c)(3) and  
19 460(c)(3) of the Higher Education Act of 1965  
20 as added by subsection (b) of this section.

21 (b) ADDITIONAL AMOUNTS ELIGIBLE TO BE RE-  
22 PAID.—

23 (1) FFEL LOANS.—Section 428J(c) of the  
24 Higher Education Act of 1965 (20 U.S.C. 1078–

1       10(c)) is amended by adding at the end the fol-  
2       lowing:

3               “(3) ADDITIONAL AMOUNTS FOR TEACHERS IN  
4       MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—  
5       Notwithstanding the amount specified in paragraph  
6       (1), the aggregate amount that the Secretary shall  
7       repay under this section shall be not more than  
8       \$17,500 in the case of—

9               “(A) a secondary school teacher—

10               “(i) who meets the requirements of  
11       subsection (b); and

12               “(ii) whose qualifying employment for  
13       purposes of such subsection is teaching  
14       mathematics or science on a full-time  
15       basis; and

16               “(B) an elementary school or secondary  
17       school teacher—

18               “(i) who meets the requirements of  
19       subsection (b);

20               “(ii) whose qualifying employment for  
21       purposes of such subsection is as a special  
22       education teacher whose primary responsi-  
23       bility is to provide special education to  
24       children with disabilities (as those terms

are defined in section 602 of the Individuals with Disabilities Education Act); and

“(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.”.

(2) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following:

“(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than \$17,500 in the case of—

“(A) a secondary school teacher—

“(i) who meets the requirements of subsection (b)(1); and

1 “(ii) whose qualifying employment for  
2 purposes of such subsection is teaching  
3 mathematics or science on a full-time  
4 basis; and

5 “(B) an elementary school or secondary  
6 school teacher—

7 “(i) who meets the requirements of  
8 subsection (b)(1);

9 “(ii) whose qualifying employment for  
10 purposes of such subsection is as a special  
11 education teacher whose primary responsi-  
12 bility is to provide special education to  
13 children with disabilities (as those terms  
14 are defined in section 602 of the Individ-  
15 uals with Disabilities Education Act); and

16 “(iii) who, as certified by the chief ad-  
17 ministrative officer of the public or non-  
18 profit private elementary school or sec-  
19 ondary school in which the borrower is em-  
20 ployed, is teaching children with disabilities  
21 that correspond with the borrower’s special  
22 education training and has demonstrated  
23 knowledge and teaching skills in the con-  
24 tent areas of the elementary school or sec-



1                   ondary school curriculum that the bor-  
2                   rower is teaching.”.

3                   (3) EFFECTIVE DATE.—The amendments made  
4                   by this subsection shall apply only with respect to el-  
5                   igible individuals who are new borrowers (as such  
6                   term is defined in 103 of the Higher Education Act  
7                   of 1965 (20 U.S.C. 1003)) on or after October 1,  
8                   1998, and before October 1, 2005.

9                   (c) INFORMATION ON BENEFITS TO RURAL SCHOOL  
10                  DISTRICTS.—The Secretary shall—

11                   (1) notify local educational agencies eligible to  
12                   participate in the Small Rural Achievement Program  
13                   authorized under subpart 1 of part B of title VI of  
14                   the Elementary and Secondary Education Act of  
15                   1965 of the benefits available under the amendments  
16                   made by this section; and

17                   (2) encourage such agencies to notify their  
18                   teachers of such benefits.

                  Passed the House of Representatives October 7,  
2004.

Attest:

JEFF TRANDAHL,

*Clerk.*